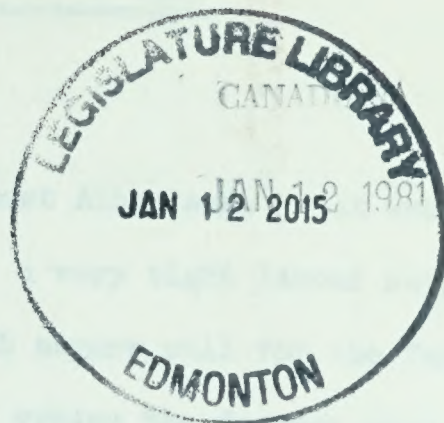


CA2 ALID 20
R21
1956
c.1

ALBERTA LEGISLATURE LIBRARY



3 3398 00408 7804



1717a
2
ANNUAL REVIEW OF BUSINESS CONDITIONS

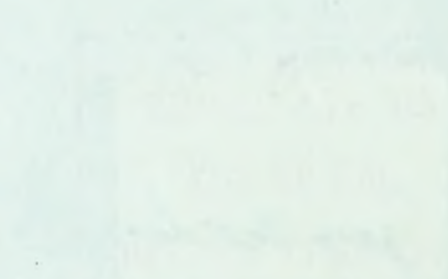
ALBERTA

3 1956

DOMINION BUREAU

LIBRARY

Prepared by Alberta Bureau of Statistics,
Department of Industries and Labour,
Edmonton, Alberta.
January 21, 1957.



ANNUAL REVIEW OF BUSINESS CONDITIONS 1956

The year 1956 was very prosperous for most Albertans. It was characterized by a very high level of employment, a very tight labour supply, and by an expansion in almost all industries which augurs well for the future.

Due primarily to increased returns from grains the farmers cash income position was somewhat better than in 1955. The mining industry has experienced a record year both in production and in expenditures on further development of the industry. The construction industry was working at capacity throughout most of the year, though somewhat hampered by the labour shortage. The carryover in construction projects will ensure continuing activity through 1957. Sawmill production was considerably below the near record levels attained in 1955, but the decrease was compensated for by stock-piling for the pulp mill at Drinnan, and for the new plywood mills. The index of employment in manufacturing held at record levels throughout the year, and with new plants under construction and near completion in all sections of the province it is evident that new records will again be established in 1957.

AGRICULTURE:

At the end of November 1956 the cash income position of Alberta farmers from grain, livestock, dairy products and poultry products totalled \$343.9 million for 11 months as compared with \$316.3 million for the twelve months of 1955.

With December figures yet to be added cash income from grain is \$37.7 million higher than last year. (Canadian Wheat Board payments on the 1955 grain crop contributed more than \$23.7 million to the total.) Eleven months receipts from livestock marketings are \$8.5 million above the comparable 1955

figure. Total value of marketings of cattle rose while marketings and value of hogs were both down from last year. Hog prices were above 1955 but well below 1954 levels for the January - November period. Farm sales of dairy products were less than 1% below 1955.

FARM CASH INCOME - ALBERTA, 1954 - 1956

	<u>1 9 5 4</u> \$ 12 Months	<u>1 9 5 5</u> \$ 12 Months	<u>1 9 5 6</u> \$ 11 Months
Cash Income From:			
Grain	155,614,000	139,335,000	177,034,000
Livestock	143,509,000	137,984,000	132,636,000
Dairy Products	28,940,000	30,057,000	26,158,000
Poultry Products	7,649,000	8,967,000	8,024,000
T O T A L	<u>335,712,000</u>	<u>316,343,000</u>	<u>343,852,000</u>

Butter sales fell by \$0.7 million. However this was compensated by a \$0.4 million increase in the sales of fluid milk. Value of poultry and eggs marketed through registered stations rose from \$7.0 million 1955 to \$8.0 million 1956, a 14% increase

MINERALS & ALLIED INDUSTRIES:

Value of mineral production in Alberta, as outlined in the following table, reached \$408.9 million, some 25.4% higher than 1955:

Digitized by the Internet Archive
in 2019 with funding from
Legislative Assembly of Alberta - Alberta Legislature Library

MINERAL PRODUCTION - ALBERTA, 1955 and 1956

		1955 (Final)	1956 (Prelim.)
Gold	Ozs.	214	119
	\$	7,387	4,098
Silver	Ozs	21	14
	\$	18	13
Salt	Tons	41,408	41,270
	\$	1,014,745	861,140
Coal	Tons	4,455,279	4,361,274
	\$	23,559,584	23,512,617
Natural Gas	M.cu.ft.	133,007,493	150,000,000
	\$	9,975,562	11,250,000
Petroleum, crude	Bbls.	113,035,046	144,300,000
	\$	274,901,232	353,535,000
Clay Products	\$	2,800,481	3,055,020
Cement	Bbls.	2,812,623	3,690,000
	\$	7,026,722	9,951,000
Lime	Tons	38,335	39,743
	\$	553,526	456,308
Sand & Gravel	Tons	7,819,933	6,862,407
	\$	5,894,341	5,969,041
Stone	Tons	45,659	48,773
	\$	240,728	271,185
<u>TOTAL VALUE</u>		<u>\$ 325,974,326</u>	<u>\$ 408,865,422</u>

Of the \$82.9 million increase in value of mineral production, increased value of crude petroleum contributed \$78.6 million. Estimated production of crude petroleum is 144.3 million bbls. as compared with 133.0 million bbls. in 1955 and 87.7 million bbls. in 1954. The 1956 figure is very close to twice the 1953 production. Natural gas production rose to 150 million M.cu.ft.

MINERAL PRODUCTION - ALABAMA, 1952 and 1953

	1952 (Final)	1953 (Prelim.)
Solid	110	110
	1,307	1,307
Silver	21	21
	18	18
Salt	41,400	41,400
	1,014,742	1,014,742
Coal	4,432,219	4,432,219
	22,339,248	22,339,248
Natural Gas	132,007,493	132,007,493
	9,972,582	9,972,582
Petroleum, crude	112,032,046	112,032,046
	274,001,272	274,001,272
Clay products	2,800,431	2,800,431
	2,800,431	2,800,431
Gypsum	2,612,623	2,612,623
	7,026,722	7,026,722
Lime	28,722	28,722
	28,722	28,722
Sand & Gravel	7,612,932	7,612,932
	2,604,241	2,604,241
Stone	12,600	12,600
	240,728	240,728
TOTAL VALUE	\$ 325,074,326	\$ 408,662,422

Of the \$325.1 million increase in value of mineral production,

increased value of crude petroleum amounted \$18.6 million. Estimated pro-

duction of crude petroleum in 1953 million bbls. as compared with 132.0 million

bbls. in 1952 and 87.7 million bbls. in 1951. The 1953 figure is very close to

twice the 1952 production. Natural gas production rose to 132 million M-cu-ft.

from 133.0 million M.cu.ft. Drilling activity has continued at a rapid pace and it is anticipated that total footage drilled to the end of 1956 will approach 10,000,000 feet as compared with 8,444,578 feet in 1955. Because of exceptionally high demand during the first three months of 1956 coal production remains very close to 1955 levels. The value of cement and clay products increased by 42% and 9% respectively. The large increase in cement production arises from the fact that two new cement plants in the Edmonton area commenced operations in 1956. Figures to the end of November show salt production up by 12%, sulphur production up 14%.

FORESTRY:

Lumber cut from Crown lands during 1956 is estimated at 385 million Ft.b.m. a decrease of 45 million Ft.b.m. over 1955. A marked increase in production of pulpwood was recorded as a result of the new pulp mill at Drinnan accepting pulpwood, with 1956 production at 65,000 cords well above the 1955 figure of 17,100 cords.

FUR:

Value of fur production (wild life) totalled \$1.3 million at the end of November some 35% below the 1955 figure of \$2.0 million. Number of pelts sold showed a corresponding decline of 35%.

GROSS VALUE OF MANUFACTURING - ALBERTA, 1954 - 1956

<u>Industrial Groups</u>	<u>1954⁽¹⁾</u> \$ 000	<u>1955⁽²⁾</u> \$ 000	<u>1956⁽³⁾</u> \$ 000
Foods & Beverages	263,662	270,825	295,000
Leather Products	282	242	285
Textiles	4,266	5,118	7,000
Knitting Mills	261	215	300
Clothing	6,989	7,586	9,000
Wood Products	54,360	58,340	62,000
Paper Products	7,673	10,266	12,000
Printing & Publishing and Allied Industries	18,793	20,471	23,000
Iron & Steel Products	34,294	40,851	54,000
Transportation Equipment	19,810	19,420	24,000
Non-Ferrous Metal Products	3,614	15,165	15,500
Electrical Apparatus & Supplies	972	3,088	3,500
Non-Metallic Mineral Products	30,159	34,020	39,000
Products of Petroleum & Coal	101,979	115,861	132,000
Chemicals & Allied Products	25,923	36,944	40,000
Misc. Manufacturing	2,241	2,944	3,000
T O T A L	<u>575,278</u>	<u>641,356</u>	<u>719,585</u>

(1) Final figures: D.B.S.

(2) Preliminary figures: D.B.S.

(3) Estimate: Alberta Bureau of Statistics.

The gross value of manufacturing in Alberta in 1956 is estimated at \$719.6 million, 12% above the 1955 figure of \$641.3 million. The increase of

\$78.2 million is largely attributable to substantial increases in the processing of foods and beverages (\$24.2 million), petroleum products (\$16.1 million), and iron and steel products (\$13.1 million).

Activity in the slaughtering and meat packing industry again reached record proportions during 1956 with gross sales to the end of November totalling \$129.3 million, an \$11.4 million increase over 1955. 361.6 million pounds of meat valued at \$89.0 million were processed as compared with 322.1 million pounds valued at \$83.6 million a year ago. Exports of meat rose by 11% in quantity and 9% in value.

Value of flour production was up 3% from \$24.9 million 1955 to \$26.1 million 1956. Value of production of creamery butter and factory cheese dropped by 4% and 7% respectively, while dairy factories reported a 7% increase in gross sales. Margarine sales to date were up 3% in quantity and 2% in value.

Petroleum refineries again recorded marked gains over previous years with the 1956 gross sales of refined petroleum products to the end of November exceeding \$138 million, a 10% increase over 1955. Total production of refined petroleum products January - October 1956 was 20,016,124 bbls as compared with 18,223,503 bbls 1955, a 10% gain. Natural gasoline, propane, butane and sulphur recorded increases in production ranging from 5% to 16%.

Plans for expansion of two of the major refineries in the Edmonton area have been announced. Also of importance is the report that a method has been evolved to produce oil commercially from the McMurray oil sands deposits and that construction of facilities will begin in 1957.

During 1956 a new oil refinery at Grande Prairie went on stream. Three absorption plants are under construction at present, at Redwater, Nevis and Pincher Creek. The latter will also be producing considerable quantities of sulphur.

The non-metallic mineral products category rose from \$34.0 million 1955 to \$39.0 million 1956. Gross sales of clay products were up by 3% while cement products sales were up by 12%. Lime production and sales were 10% higher than in 1955.

Gross value of chemicals and allied products is estimated at \$40.0 million 1956, \$4.0 million above 1955. Production during 1957 is likely to be up appreciably with the new fertilizer plant at Medicine Hat putting in its first full year of production.

ELECTRIC POWER:

Total electric power consumption during 1956 exceeded 2000 million K.W.H. as compared with 1,707 million K.W.H. in 1955, this maintains the rate of growth of power consumption which has obtained for the postwar period. To meet increased demand for electric power at least four projects totalling \$16.2 million were either under way during 1956 or contemplated for 1957.

CONSTRUCTION:

Construction activity as evidenced by building permits issued is slightly below last year for the eight cities but above 1955 for the towns and villages. Building permits issued were up in Calgary from \$56.6 million to \$60.5 million; Edmonton from \$57.9 million to \$68.8 million; Lethbridge from \$6.2 million to \$6.9 million. The 1956 figure of \$4.4 million for Medicine Hat is actually well above previous years with the exception of 1955 when a \$20 million permit was issued for the fertilizer plant.

The following table is taken from the Dominion Bureau of Statistics "Construction" publication. The 1956 figures are estimates made at the beginning of that year.

CONSTRUCTION:CONSTRUCTION IN ALBERTA, 1954 - 1956

<u>Type of Construction</u>	<u>1 9 5 4</u>	<u>1 9 5 5</u>	<u>1 9 5 6</u>
	(Final)	(Preliminary)	(Estimate)
	\$	\$	\$
	000	000	000
Total Building Construction	287,976	309,039	366,005
Residential	140,200	135,700	133,600
Industrial	16,722	28,623	60,059
Commercial	63,416	63,637	72,635
Institutional	30,977	44,551	56,808
Other Building Construction	36,661	36,528	42,903
Total Engineer Construction	262,282	290,289	358,918
Total Value of Construction	550,258	599,328	724,923

With the excellent construction weather experienced this fall it is quite likely that the increase of \$125.6 million 1956 over 1955 is conservative. The unseasonably warm weather at the end of November lengthened the construction season considerably and many building projects were "closed in" enabling work to continue throughout the winter.

Despite tightened credit financing, new dwelling units completed to the end of October totalled 9320 as compared with 8922 in 1955. Dwelling starts were also up with 9778 starts in 1956 as compared with 9327 last year.

Figures on "Contracts Awarded" totalled \$262.1 million to the end of November 1956, 19% above the 1955 figure of \$219.6 million. Increases were recorded for residential (16%), business (29%), and engineering (56%). Industrial contracts awarded were down by 42%.

INVESTMENT:

Public and Private Investment in Alberta is estimated to have exceeded the \$1 billion mark during 1956.

PUBLIC AND PRIVATE INVESTMENT - ALBERTA, 1954 - 1956

	<u>1 9 5 4</u> ⁽¹⁾ 000,000 \$	<u>1 9 5 5</u> ⁽²⁾ 000,000 \$	<u>1 9 5 6</u> ⁽³⁾ 000,000 \$
Primary Industries & Construction	238.0	253.8	291.9
Manufacturing -			
Foods and Beverages	9.6	6.6	8.2
Iron and Steel Products	1.9	4.8	2.7
Transportation Equipment	1.2	.8	.8
Non-Metallic Mineral Products	4.5	11.7	12.2
Products of Petroleum & Coal	21.9	23.3	22.9
Other Manufacturing	24.9	28.0	74.3
Total Manufacturing	<u>64.0</u>	<u>75.2</u>	<u>121.1</u>
Utilities -	144.3	137.7	187.5
Trade Finance & Commercial Services	60.9	54.3	55.9
Housing	140.2	135.7	133.6
Institutional Services and Government Departments	159.7	189.9	220.9
<u>T O T A L</u>	<u>807.1</u>	<u>846.6</u>	<u>1010.9</u>

- (1) Actual
(2) Preliminary actual
(3) Intentions

(The above figures were prepared by the Dominion Bureau of Statistics early in 1956 and the 1955 and 1956 figures are subject to revision.)

The 1956 figure of \$1010.9 million of investment in Alberta represents a \$164.3 million increase over 1955 and a \$203.8 million gain over 1954. The utilities category recorded the largest increase from \$137.7 million 1955, to \$187.5 million 1956, a jump of \$49.8 million. Manufacturing rose by \$45.9 million; primary industries and construction by \$38.1 million; and institutional services and government departments by \$31.0 million. Investment in housing and

trade, finance and commercial services remained close to 1955 levels.

NEW INDUSTRIES:

New plants and additions to existing plants engaged in the iron and steel industry, either completed or under construction, exceeded the \$12.0 million mark. These include a steel pipe mill which is now in production at Edmonton, a soil pipe plant under construction at Calgary; extensions of the steel rolling mill in Edmonton and the steel fabrication plants at Edmonton and Lethbridge, and additions to machine shops providing oilfield services.

Close to \$7.0 million has been invested in the non-metallic products industry in the form of extensions to existing cement plants, clay products plants and concrete products plants.

New plants under construction for the petroleum products industry will cost over \$10 million and include three absorption plants and a lubricating oil plant. One large refinery has announced a \$2.0 million expansion programme for 1957.

TRADE:

Increased population; higher farm cash income; higher salaries and wages; and a longer construction season; all had the effect of increasing total volume of retail and wholesale trade. It is expected that total volume of Retail trade has passed the \$1,150.0 million mark during 1956. Substantial increases were registered in the following categories: grocery and combination stores (9%); department stores (13%); variety stores (16%); motor vehicle dealers (16%); lumber and building material dealers (11%); and furniture, appliances and radio stores (8%).

Wholesale trade January-November 1956 surpassed last year's total by

15%. Strong gains are seen in the automotive accessories group (24%); groceries (10%); hardware (15%); and oilfield supplies (64%). Regionally Edmonton, Calgary and Lethbridge report increases of 13%, 14% and 8% respectively. Wholesale sales in Medicine Hat show an 8% decline.

BANK CLEARINGS:

Activity in bank business, as reflected by bank clearings, was up 28% over 1955. Total clearings for 1956 amounted to \$6,968.3 million as compared with \$5,466.5 million one year ago.

Bank debits also rose by 28%, surpassing \$11 billion for the first time.

TOURIST TRADE:

Completion of a good hardtop highway to Jasper contributed to an increase of 120,000 visitors to the park during the year. Number of visitors to Waterton Lakes rose by 9% while Banff and Elk Island recorded decreases of 4% and 5% respectively.

The number of automobiles entering Alberta through customs ports declined from 82,839 in 1955 to 77,156, 1956. Significant increases were recorded at Chief Mountain (12%) and Carway (3%). Coutts reported a 20% decrease from 46,031, 1955 to 37,031, 1956.

_____ " _____ " _____ " _____

The following is a brief resume of reports received outlining conditions in various parts of the province and for some specified types of business.

Continued industrial growth during 1957 and 1958 seems assured on the basis of reports received. The report of a possible development of an iron and steel smelting industry in the Crows Nest pass augurs well not only for local steel production from raw ore, but also as assistance to the coal industry of the area. As trans-Canada begins to move gas eastward from the gatehead at Cessford, it appears that construction of more sulphur and heavy petrol fraction gas plants will be inevitable. Discovery of bentonite and marl deposits near Edmonton are being investigated with a view to further development.

The cities of Calgary and Edmonton have set aside planned industrial areas which are now being developed by private capital.

CALGARY AREA -

Wholesale trade has shown a good increase over 1955 and collections have been well maintained throughout the year. Increasing costs of wholesale operators have been noted and will have to be offset by increased turnover.

In retail trade, individual stores report an increase in volume from 5% to 50%. A discontinuance of controls in shopping hours and completion of a number of new stores in the downtown shopping area has substantially increased business turnover. Measures have been taken both by way of providing additional parking space and by way of increasing the flow of traffic through provision of one-way avenues in the downtown areas to aid shoppers.

It is reported that annual financing has been completed by petroleum and natural gas firms for 1957 operators. It is anticipated that farm income will hold at least "steady" and that some of the credit and export difficulties being faced by farmers will be relieved during the year.

EMPLOYMENT:

Although the number in the Calgary labour force seems to be higher,

there were persistent shortages throughout the year in the construction, agricultural, manufacturing industries (particularly iron and steel), and in securing executive and professional personnel as well as office workers. Employment continued at a very high level right into December.

EDMONTON AREA -

Both wholesale and retail sales were substantially higher during the year. It is noted that manufacturing employment has almost doubled since 1951. Secondary industries are now being constructed rapidly in the wake of the primary manufacturing industries, largely to serve local markets, and because they are close to a source of raw or partly manufactured materials. The construction industry has had a record year. It is noted that commercial building permits tripled those of 1955: ten new office buildings to a value of \$30 million are under construction. It is also noted that due to shortages of materials, 20% to 30% of construction projects have been postponed to 1957. The outlook for 1957 is excellent for keeping the labour force as fully active as in 1956.

WHOLESALE TRADE:

Hardware wholesale trade had a record year. Of late it has been noted that resistance to buying has been developing due largely, it is thought, to the tight money situation; to the low grain quotas; and to the slackening of credit buying. At the same time it seems inevitable that hardware prices will have to increase largely because of labour shortages which are increasing handling charges substantially.

In the wholesale grocery business prices though fluctuating considerably during the year, seem to have been generally rising; at the same time gross margins of wholesalers have been lower partly because retailers

have been offering more "specials", part of the cost of which have to be borne by wholesalers; and it seems obvious that further efforts will have to be made to cut distribution costs. While local trade has been good, sales to the north were relatively poor during 1956, but with the reopening of some of the mines and consolidation of some of the others, improvement is looked for during 1957.

Cost of goods is increasing due to increases in labour and freight costs, and to the higher prices being paid to producers. Despite the good sugar crop in Alberta, prices of sugar have moved upward in line with world prices. Shortages have been developing in some types of canned goods due to poor canning crops in British Columbia in particular. Quite noticeable is the shift in the pattern of consumer buying over the last few years. Articles which were once considered staples, such as the dried fruits, now have relatively low turnovers. Resistance is developing to handling new consumer goods unless the introduction of those goods has been preceded by a consistent campaign of consumer advertising. Another development is that manufacturers which used to endeavor to eliminate the jobber by selling direct to retailer, are now finding it more advantageous to reach their markets through the wholesalers. The campaign to promote cash sales by retailers and get away from the credit system of buying is continuing.

LETHBRIDGE AREA:

Agricultural conditions in the area have been good during the year. Acreage sown to wheat was down with a corresponding increase in that sown to coarse grains. It has been noted that sales of eggs, hogs and sheep were substantially higher during 1956. The canning and the sugar crops on the irrigated lands were quite satisfactory. Both retail and wholesale trade

volume increased during the year. The area is looking to further industrial development following the completion of new industrial plants at Pincher Creek and Burmis in the Crows Nest pass.

PEACE RIVER AREA:

The agricultural community is being faced by the quota system for grain produced and by low prices for that produce as compared with what the farmer has to buy. The trend toward larger farm units and toward a more diversified type of agriculture is being encouraged. Wholesale and retail sales in the area have been quite good. The oil activity in the area has done much to stimulate local trade. The road and bridge construction programmes planned for the area will do much to assist in overall development.

LLOYDMINSTER AREA:

The outlook for agriculture is optimistic with moisture reserves promising at least average crop prospects. Feed supplies for cattle are adequate.

Retail and wholesale trade reflected above average urban and rural volume of purchasing power.

Labour was in short supply from midsummer on and the same situation is forecast for 1957. Increases are expected in oil drilling activity, offsetting decreases in construction activity.

Although there were some weak spots in the general business picture, mainly as a result of credit restrictions which slowed up housing starts, and implement purchasing, conditions were generally good.

